

CASE 1365: Application of PAN AMER.
for an exception to the "no-flare"
provision of Order R-1427.

Case No.

1865

Application, Transcript,
Small Exhibits, Etc.

**BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:**

**CASE No. 1965
Order No. R-1566**

**APPLICATION OF PAN AMERICAN
PETROLEUM CORPORATION FOR A
30-DAY EXCEPTION TO THE "NO-
FLARE" PROVISION OF ORDER NO.
R-1427 FOR 4 WELLS IN THE BISTI-
LOWER GALLUP OIL POOL AND FOR
3 WELLS IN THE CALLEGOS-GALLUP
OIL POOL, SAN JUAN COUNTY, NEW
MEXICO**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 13, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15th day of January, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant seeks a 30-day exception to the "no-flare" provision of Order No. R-1427 for 4 wells in the Bisti-Lower Gallup Oil Pool and for 3 wells in the Callegos-Gallup Oil Pool, San Juan County, New Mexico.
- (3) That the Commission, in the proper exercise of its legal obligation to prevent the physical waste of oil and gas resources, should deny the requested exception to the "no-flare" provision of Order No. R-1427.

IT IS THEREFORE ORDERED:

That the application of Pan American Petroleum Corporation for a 30-day exception to the "no-flare" provision of Order No.

-2-

Case No. 1866
Order No. R-1866

R-1427 for 4 wells in the Bisti-Lower Gallup Oil Pool and for 3 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico, be and the same is hereby denied.

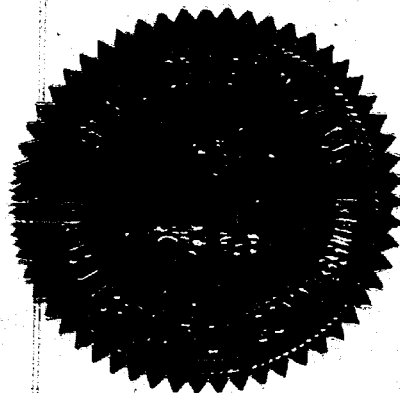
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Chairman & Secretary



ven/

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, President

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

LA164 SSD284

1959 DEC 31 PM 6 22

L FRA075 NL PD=FARMINGTON NMEX 30=

CONSERVATION COMMISSION=

1959 DEC 31 AM 7:59

SANTA FE NMEX=

PAN AMERICAN PETROLEUM CORPORATION HEREBY REQUEST
ADMINISTRATIVE APPROVAL OF AN EXCEPTION TO ORDER NO.

R-1427 PROHIBITING THE FLARING OF CASINGHEAD GAS FROM
OIL WELLS AFTER 12-31-59 IN THE BISTI LOWER GALLUP AND
GALLEGOS GALLUP FIELDS. AN EXCEPTION WITH RESPECT TO THE
FOLLOWING WELLS FOR A PERIOD OF 31 DAYS BEGINNING 1/1/60
IS RESPECTFULLY REQUESTED, BISTI LOWER GALLUP LOWER
GALLUP FIELD. R. L. HAIRSTON NO. 2. E. H. HEGGIE NO. 1,
A. W. RUTTER NO. 1, STATE OF NEW MEXICO "AV" NOS. 1 AND

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION

TELEGRAM

W. P. MARSHALL, President

SYMBOLS

DL = Day Letter

NL = Night Letter

LT = International Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

✓ 2, STATE OF NEW MEXICO "AW" NOS. 1 AND 2: GALLEGOS GALLUP
FIELD---ES-SKA-ETH-NOT-TAH NO. 1, O. H. RANDEL NOS. 1
AND 2. USKAYAHEWOOD NO 1, SALE OF CASINGHEAD GAS FROM
FOUR OF THE ABOVE LEASES WAS COVERED BY A CONTRACT
EXECUTE 10/29/58 WITH EL PASO AND THE REMAINDER OF THE
LEASES ARE COVERED BY SUPPLEMENTAL AGREEMENT DATED
9/22/59. FPC AUTHORIZATION WAS OBTAINED AND OUT LEASES
HAVE BEEN EQUIPPED AND AWAITING CONNECTION BY EL PASO
FOR SOME TIME. EL PASO HAS ADVISED THAT DUE TO R/W AND
COMPRESSOR INSTALLATION DIFFICULTIES THEY WILL BE UNABLE
TO START TAKING GAS FROM FOUR WELLS BEFORE 1/5-10/60
AND THE REMAINDER BEFORE 1/21/60. THE ECONOMIC LOSS

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE

This is a fast message unless its delivery is indicated by the proper symbol.

WESTERN UNION TELEGRAM

W. F. MARSHALL, President

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

1933

WHICH WOULD ACCOMPANY OUR COMPLIANCE WITH THE NO-FLARE ORDER WOULD AMOUNT TO 360 BOPD INITIALLY AND 325 THEREAFTER UNTIL CONNECTED. GAS PRODUCTION AMOUNTS TO 974 MCFPD OF WHICH APPROXIMATELY 40 MCFPD IS USED FOR FUEL ON THE LEASES. YOUR APPROVAL OF THE REQUESTED EXCEPTION IS EARNESTLY SOLICITED=

PAN AMERICAN PETROLEUM CORPORATION
L O SPEER JR AREA SUPERINTENDENT=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
Letter Telegram

W. P. MARSHALL, President

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

LA085 SSH131 OFFICE 000

L FRA027 DL PD=FARMINGTON NMEX 31 1147AMM=
A L PORTER JR=

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FENMEX=

BY WIRE DATD 12-30-59, PAN AMERICAN PETROLEUM CORPORATION ASKED THAT YOU GRANT ADMINISTRATIVE APPROVAL OF AN EXCEPTION TO ORDER R1427 FOR ELEVEN WELLS OPERATED BY PAN AMERICAN IN THE BISTI LOWER GALLUP POOL AND THE GALLEGOS GALLUP POOL. IT IS NOW UNDERSTOOD FROM THE COMMISSION'S AZTEC OFFICE. THAT FIELDWIDE EXCEPTION TO ORDER R-1427 HAS BEEN GRANTED THROUGH JANUARY 15,

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
Letter Telegram

W. P. MARSHALL, President

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

1960. WE ARE INFORMED BY EL PASO NATURAL GAS COMPANY THAT THEY WILL BE UNABLE TO COMMENCE TAKING GAS ON THE FOLLOWING WELLS PRIOR TO APPROXIMATELY JANUARY 21, 1960 AND IT COULD POSSIBLY BE JANUARY 31, 1960., IF INCLEMENT WEATHER OCCURS----- GALLEGOS GALLUP POOL ---O. H., RANDEL NO 2, R. L. HAIRSTON NO 2, E. H. HEGGIE NO 1, STATE "AV" NOS. 1 & 2 ; ----- STATE "AW" NOS 1 & 2 ALL IN THE BISTI LOWER GALLUP POOL. PAN AMERICAN THEREFORE RESPECTFULLY REQUESTS THAT A HEARING BE SET TO HEAR ITS APPLICATION FOR EXCEPTION TO ORDER R-1427 FOR THE ABOVE LISTED WELLS TO FEBRUARY 1, 1960. IT IS FURTHER REQUESTED

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CLASS OF SERVICE
This fast, free message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, President

1201

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
Letter Telegram

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

THAT THE HEARING BE SET AT THE EARLIEST POSSIBLE DATE
AND THAT PAN AMERICAN BE GRANTED TEMPORARY AUTHORITY IN
THE INTERIM PERIOD TO PRODUCE THE WELLS, FLARING THE GAS
UNTIL THE HEARING HAS BEEN ACTED UPON OR THE WELLS HAVE
BEEN CONNECTED, IT IS PAN AMERICAN'S OPINION THAT
CORRELATIVE RIGHT WILL BE VIOLATED IN THE ABSENCE OF
SUCH EXCEPTION TO R1427 DUE TO OTHER CONNECTED PRODUCING
WELLS=

L O SPEER JR PAN AMERICAN PETROLEUM CORPORATION==

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Case 1865

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 487, Farmington, New Mexico
December 31, 1959

File: E-528-986.510

Subject: Application for Hearing to Consider
Exception to No Flare Provisions of
Order R-1427 for Eleven Wells in
Gallegos Gallup & Bisti Lower Gallup Pools
San Juan County, New Mexico

Mr. A. L. Porter, Jr. (3)
New Mexico Oil Conservation Commission
P. O. Box 1721
Santa Fe, New Mexico

Dear Sir:

Confirming our wire of December 31, 1959, Pan American Petroleum Corporation hereby makes application for a hearing before the New Mexico Oil Conservation Commission or its examiner at the earliest possible date to consider a request for an exception to the no flare provisions of Order R-1427. In support of this application, the following statements are offered:

1. Pan American Petroleum Corporation operates seven wells in the Bisti Lower Gallup Pool as follows:

<u>Lease and Well</u>	<u>Location</u>
R. W. Rutter No. 1	NW/4 NW/4 Section 10, T-24-N, R-10-W
— R. L. Hairston No. 2	SW/4 SE/4 Section 6, T-24-N, R-9-W
— E. H. Heggie No. 1	SW/4 NE/4 Section 8, T-24-N, R-9-W
State "AV" No. 1	NW/4 SE/4 Section 2, T-24-N, R-10-W
State "AV" No. 2	SE/4 SE/4 Section 2, T-24-N, R-10-W
State "AW" No. 1	NW/4 SW/4 Section 2, T-24-N, R-10-W
State "AW" No. 2	SE/4 SW/4 Section 2, T-24-N, R-10-W

2. Likewise, Pan American Petroleum Corporation operates four wells in the Gallegos Gallup Pool as follows:

Es-Ska-Eth-Not-Tah No. 1	NE/4 NE/4 Section 6, T-26-N, R-12-W
Uskayahewood No. 1	NE/4 NW/4 Section 18, T-26-N, R-11-W
O. H. Randel No. 1	NW/4 SW/4 Section 9, T-26-N, R-11-W
O. H. Randel No. 2	SE/4 SW/4 Section 10, T-26-N, R-11-W

*Double
mailed
1-4-60
JH*

3. A contract for sale of casinghead gas from four of the above leases was executed October 29, 1958 with El Paso Natural Gas Company, and the remainder of the leases are covered by a supplemental agreement with El Paso dated September 22, 1959. F. P. C. authorization for sale of this casinghead gas has been obtained, and the leases have been equipped and awaiting connection by El Paso for some time.

4. El Paso Natural Gas Company has advised that due to right-of-way and compressor installation difficulties, they will be unable to start taking casinghead gas earlier than January 10, 1960, for the Rutter, Es-Ska-Eth-Not-Tah and Uskayahewood and O. H. Randel No. 1 leases.

5. El Paso further advises that they will be unable to commence taking gas from the remaining wells before approximately January 21, 1960, and that it could possibly be January 31, 1960, if there is any inclement weather which would delay installation of the facilities.

6. Current total production from the wells which are expected to be connected by January 10, 1960, is 35 barrels of oil per day and 549 MCF per day.

7. Current total production from the wells which will not be connected before January 21, 1960, and possibly later, is 325 barrels of oil per day and 425 MCF gas per day.

In light of the above conditions, Pan American Petroleum Corporation respectfully requests that a hearing be set to hear its application for exception to Order R-1427 for the following listed wells to February 1, 1960.

GALLEGOS GALLUP POOL

O. H. Randel No. 2 ✓

BISTI LOWER GALLUP POOL

R. L. Hairston No. 2

E. H. Heggie No. 1

State "AV" No. 1

State "AV" No. 2

State "AW" No. 1

State "AW" No. 2

It is further requested that the hearing be set at the earliest possible date and that Pan American Petroleum Corporation be granted temporary authority to produce the wells and flare the gas until an order has been issued on the hearing

or the wells have been connected. This exception is requested to provide relief from economic hardship which would accompany compliance with the no flare order and to prevent violation of correlative rights due to other connected producing wells.

Very truly yours

PAN AMERICAN PETROLEUM CORPORATION



L. O. Speer, Jr.
Area Superintendent

GWE:cw

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 15, 1960

C
O
P
Y

Mr. Kirk Newman
Atwood & Malone
P. O. Box 867
Roswell, New Mexico

Dear Mr. Newman:

On behalf of your client, Pan American Petroleum Corporation, we enclose two copies of Order No. R-1566 in Case No. 1865 issued by the Oil Conservation Commission this date.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

lr/

Enclosures

*Copies to OCC
Hobbs
Giles*

DOCKET: REGULAR HEARING JANUARY 13, 1960

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

- ALLOWABLE: (1) Consideration of the oil allowable for February, 1960
- (2) Consideration of the allowable production of gas for February 1960 from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for February, 1960.

NEW CASES

- CASE 1850: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amending Rule 303 of the Commission Rules and Regulations to provide an administrative procedure whereby the production from two or more separate common sources of supply may be commingled under certain conditions, particularly after separately metering or measuring the production from each of the said common sources of supply.
- CASE 1851: Application of Skelly Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 24 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1852: Application of Southern Union Gas Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 120-day exception to the "no-flare" provision of Order R-1427 for its Whitley Well No. 1, located in the NW/4 of Section 17, Township 24 North, Range 9 West, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1853: Application of Standard Oil Company of Texas for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 60-day exception to the "no-flare" provision of Order R-1427 for 18 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1854: Application of Texaco Inc. for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 60-day exception to the "no-flare" provision of Order R-1427 for three wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

- CASE 1855: Application of Humble Oil & Refining Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1856: Application of Sun Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for seven wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1857: Application of Kenneth Murchison for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for two wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1858: Application of The British-American Oil Producing Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for certain wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1859: Application of Sunray Mid-Continent Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to the "no-flare" provision of Order R-1427 for one well in the Gallegos-Gallup Oil Pool and twelve wells in the Bisti-Lower Gallup Oil Pool, both in San Juan County, New Mexico.
- CASE 1862: Application of Socony-Mobil Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for seven wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1860: Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico:
- (a) Abolish the Huerfano-Dakota Pool for the purpose of joining pools producing from a common source of supply, to be known as the Angels Peak-Dakota Pool.

(b) Abolish the West Kutz-Dakota Pool for the purpose of joining pools producing from a common source of supply, to be known as the Angels Peak-Dakota Pool.

(c) Extend the Aztec-Fruitland Pool to include:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM,
Section 20: S/2

(d) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM,
Section 36: SE/4

(e) Extend the Ballard-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM,
Section 6: W/2

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM,
Section 1: SE/4

(f) Extend the Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM,
Section 6: NE/4

(g) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM,
Section 2: W/2

(h) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM,
Section 3: E/2

(i) Extend the Angels Peak-Gallup Oil Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,
Section 7: E/2
Section 17: W/2
Section 18: NE/4
Section 20: NW/4

(j) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM,

Section 27: SE/4 SW/4

Section 28: SW/4 NE/4 & S/2 NW/4

(k) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM,

Section 21: SE/4 SE/4

Section 22: SW/4 SW/4

Section 30: NE/4 SE/4

(l) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,

Section 7: All

Section 18: All

Section 19: N/2

Section 20: N/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM,

Section 1: All

Section 2: E/2 & SW/4

Section 3: S/2

Section 23: E/2

Section 24: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM,

All of sections 1 thru 4 inclusive

All of sections 9 thru 16 inclusive

All of sections 21, 22, & 23

Section 26: N/2

Section 27: N/2

Section 28: All

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM,

Section 18: All

Section 19: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM,

Section 6: W/2

All of sections 7, 8, 11, 13, 14, 17, 18, 19, 20,
& 21,

Section 23: E/2

Section 24: All

Section 26: E/2
Section 29: W/2
Section 30: All
Section 31: All
Section 32: All
Section 33: W/2
Section 35: E/2

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM,
All of sections 1 thru 28 inclusive
Section 29: N/2
Section 30: N/2
All of sections 33 thru 36 inclusive

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM,
All of sections 1 thru 18 inclusive and sections 23 & 24
Section 25: N/2

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM,
Section 1: All
Section 2: E/2 & NW/4
Section 3: N/2
Section 4: N/2
Section 5: E/2

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM,
All of sections 18, 19, & 30

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM,
Section 12: All (partial)
All of sections 13 thru 16, 21 thru 28, and 31 thru 36

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM,
All of sections 19 thru 22, and 26 thru 36

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM,
Section 9: All (partial)
Section 10: All (partial)
All of sections 15 and 16
Section 17: E/2
Section 20: E/2
All of sections 21 thru 27
Section 28: E/2
Section 33: E/2
All of sections 34, 35, & 36

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,
All of sections 27, 28, 33, & 34

- (m) Extend the South Los Pinos-Dakota Pool to include:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM,
Section 13: All
Section 14: S/2
Section 23: N/2

CASE 1861:

Southeastern New Mexico nomenclature case calling for an order for the creation of new pools and the extension of existing pools in Lea and Eddy Counties, New Mexico.

- (a) Create a new oil pool designated as the Fowler-Upper Silurian Pool and described as:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM,
Section 22: E/2

- (b) Create a new oil pool designated as the West Crossroads-Devonian Pool, and described as:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,
Section 31: SE/4

- (c) Create a new gas pool designated as the East Hightower-Devonian Gas Pool, and described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM,
Section 30: NW/4 NE/4

- (d) Create a new gas pool designated as the Teague-Abo gas Pool, described as:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM,
Section 21: SE/4

- (e) Abolish the Baish-Abo Pool in Lea County, New Mexico, classified as an oil pool, described as:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM,
Section 21: SE/4

- (f) Extend the Allison-Pennsylvanian Pool to include:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,
Section 1: NE/4

(g) Extend the Atoka-Pennsylvanian Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM,
Section 22: NE/4 & S/2

(h) Extend the Four Lakes-Pennsylvanian Pool to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM,
Section 35: SE/4

(i) Extend the West Henshaw-Grayburg Pool to include:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM,
Section 2: SW/4

(j) Extend the East Millman-Queen-Grayburg Pool to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM,
Section 18: NW/4

(k) Extend the Shugart Pool to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM,
Section 4: NE/4

CASE 1863:

Application of Phillips Petroleum Company for an exception to the no-flare provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to the no-flare provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1864:

Application of Skelly Oil Company for an exception to the no-flare provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the no-flare provision of Order R-1427 for 21 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

(over)

ig/

CONTINUED FROM EXAMINERS HEARING

CASE 1841:

Application of Sinclair Oil & Gas Company for the creation of a new pool in the Potash-Oil Area and for the promulgation of special rules and regulations pertaining thereto. Applicant, in the above-styled cause, seeks an order creating a new pool for Yates production in the Potash-Oil Area as defined by Order R-111-A, said pool to comprise the SE/4 NW/4 of Section 16, Township 20 South, Range 33 East, Lea County, New Mexico, and such other acreage as may reasonably be proven productive from the same common source of supply. Applicant further seeks the promulgation of special rules and regulations for said pool as follows:

A. Cable Tool Casing Program.

Same as Order R-1078 for Teas Pool.

B. Rotary Tool Casing Program.

Surface casing set at 600 feet and cement circulated. No salt protection string. Production casing to be set through pay from 3146 feet to 3232 feet (approximately) with cement circulated to at least 50 feet into surface casing.

NEW CASE

CASE 1865

Application of Pan American Petroleum Corporation for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 7 wells in the Bisti-Lower Gallup Oil Pool and 4 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

IN THE MATTER OF
CASE NO. 1865

TRANSCRIPT OF PROCEEDINGS

January 13, 1960.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

I N D E X

<u>WITNESS</u>	<u>PAGE</u>
W. V. HOLICK	
Direct Examination by Mr. Buell	4
QUESTIONS by Mr. Payne	20
CHARLES R. MARSHALL	
Direct Examination by Mr. Buell	5
Cross Examination by Mr. Nutter	17
QUESTIONS by Mr. Payne	20

E X H I B I T S

<u>Number</u>	<u>Exhibit</u>	<u>Marked for Identification</u>	<u>Offered</u>	<u>Received</u>
Pan-Am.No.1	Plat	4	16	16



BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 13, 1960

IN THE MATTER OF:

APPLICATION OF PAN AMERICAN PETROLEUM CORPORATION for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 7 wells in the Bisti-Lower Gallup Oil Pool and 4 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.

CASE

NO. 1865

BEFORE:

A. L. Porter, Secretary-Director
Murray Morgan, Land Commissioner
Hon. John W. Burroughs

TRANSCRIPT OF PROCEEDINGS

MR. PORTER: The hearing will come to order, please.
I believe the final case in this category is Case 1865.

MR. PAYNE: Application of Pan American Petroleum Corporation for an exception to the "no-flare" provision of Order R-1427.

MR. BUELL: If the commission please, Guy Buell of the Texas Bar, and Kirk Newman of Atwood and Malone, representing Pan American. We have one witness who has not been sworn.

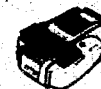
(Witness sworn.)

MR. BUELL: May it please the Commission, two of the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

wells in our application would probably fall in the category that you have been granting the administrative request for; in that connection, I am apprehensive if we don't have time to get a letter from El Paso, and in turn get it to you, prior to midnight on the 15th, for that reason, may I briefly call Mr. Holick to the stand, and let him state that these two wells will not be connected.

W. V. HOLICK

a witness, called by and on behalf of the Applicant, having been previously sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Holick, in your capacity with El Paso, are you familiar with the wells which are not economical to connect?

A Yes, sir, generally so.

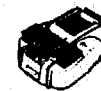
Q I direct your attention to what will be marked as Pan American's Exhibit Number 1, and further direct your attention to our Harrison Number 2 and our Heggie Number 1, in Sections 6 and 8 of 24, 19.

A Yes, I believe I have those located at those points.

Q Does El Paso intend to connect those two wells, even though they are committed to you by contract?

A Our present figures on these wells indicate that, these two batteries, I should say, won't be in our estimation economical to connect.

MR. BUELL: Fine. Thank you, Mr. Holick.



(Witness excused.)

MR. PAYNE: Mr. Buell, do you intend to file a written application for administrative approval for those two wells?

MR. BUELL: Yes. Thank you, Mr. Payne. (Gives paper to Mr. Payne.)

CHARLES R. MARSHALL

a witness, called by and on behalf of the Applicant, having been duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Mr. Marshall, please state your full name, by whom you are employed, and in what capacity, and in what location, please.

A Charles R. Marshall. I am employed by Pan American Petroleum Corporation in their Farmington, New Mexico, office.

Q You have testified at prior Commission hearings, have you not?

A Yes, sir.

Q Your qualifications, I assume, are merely a matter of public record?

A Yes, sir.

Q I direct your attention to what has been marked as our Exhibit Number 1, Mr. Marshall. What does that reflect?

A Exhibit 1 is a portion of the San Juan Basin, which shows the areas covered by the Bisti-Gallup and Gallegos-Gallup

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Fields. I have indicated the Commission defined limits on these. The Bisti Field is shown in purple, and the Gallegos-Gallup Field in orange.

Q All right, sir. What is the significance of the yellow coloring that I notice on some leases, and in some sections?

A These are areas which are, according to information available to me, are connected to and selling gas, or will be connected and selling gas, casing-head gas by the 15th of January.

Q What was the source of your data in preparing that exhibit, Mr. Marshall?

A I was furnished the data by El Paso Natural Gas Company.

Q In what form was that data furnished you, similar to the map that El Paso has on the board here today?

A Yes, it was furnished by batteries, on location of batteries. This necessitated some degree of interpretation. I have shown each well in green, that in my opinion according to the information, will be connected to a battery, which will be in turn connected to a casing-head gas sales outlet. But, now, because of the fact that I have it by batteries, in some cases it required interpretations as to how many wells and what wells were logically being produced into one battery, and there could be a few exceptions where I am in error. However, on the majority, I feel like the wells in green are the wells that will be connected by the 15th.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6891

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

Q All right, sir. Now, in some cases, Mr. Marshall, where you weren't completely sure that the wells were connected to a battery -- I have in mind the Shell-Carson unit -- if you weren't convinced, you left that completely blank as if it were completely unconnected?

A Yes, sir. I am aware on the Shell-Carson unit, I believe there are a certain amount of consolidated batteries, consequently, it is difficult to tell from just a well map as to what wells may be possibly going into one battery. However, I feel these are the minimum wells that are going into connected batteries.

Q All right, sir. I also understand that the Commission has granted some administrative exceptions. Did you make any attempt to find out what wells they were?

A No, sir.

Q I notice in the approximate center of the Bisti Pool, you have none of the wells colored. Why is that?

A This area is within the central Bisti unit. I have indicated the outline in green on this exhibit. It is my understanding that all of the gas being produced, or essentially all being produced in that unit, is being re-injected. Therefore, I am assuming that the wells within the unit are taken care of, as far as the "no-flare" order is concerned.

Q All right, sir. Let me direct your attention first to the Gallegos Pool, and I will ask you to name and locate the



wells that are the subject matter of this hearing in that Pool. Start with the Easternmost well first.

A The Eastern well is Pan American O. H. Random Number 2 Well, located in the Southwest quarter of Section 10, Township 26 North, Range 11 West.

Q What is the State's allowable on the latest schedule?

A This well has an allowable of 45 barrels of oil per day.

Q What is the gas-oil ratio?

A Thirty-one hundred and seventy-four.

Q And what is the total amount of gas that it produces in a day?

A It is producing the daily gas limit. It is a Pennsylvania listed well, it would be, assuming a 71 barrel top allowable unit, which I believe it is, January 1st it would be a 142 MCF gas daily.

Q When was the casing-head gas from that well dedicated to El Paso?

A This well was contracted in August of 1958.

Q As a matter of fact, Mr. Marshall, that is when we signed our basic contract with El Paso, is that correct?

A The basic contract for the sale of gas from both fields, both Bisti and Gallegos were signed in October of '58, yes, sir.

Q And since then, we have signed supplemental contracts

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



for wells completed subsequent to October of 1956?

A That's correct, yes.

Q All right, sir. Going now to the next well, locate it and name it.

A The next well to the West is Pan American Randall Number 1 Well, located in the Southwest Quarter of Section 9, Township 20 North, Range 11 West.

Q What is its allowable at the present time?

A This well has an allowable of 15 barrels of oil per day, and a producing gas-oil ratio of 8407 cubic feet.

Q Which results in a total daily gas production of what figure?

A Approximately 140 MCF of gas per day.

Q All right, sir. Go now to the third and last well in this pool, name and locate it.

A This well is Pan American OskayaHewood Number 1, located in the Northwest Quarter of Section 18, of Township 26 North, Range 11 West.

Q Mr. Marshall, do you know of any lack of diligence on the part of Pan American that has resulted in these wells not being connected at this time?

A No, sir. In my opinion, they have been as diligent as possible in getting these wells connected. As you can see from the location of the wells, they are sort of on the eastern edge of the field, and naturally, they would logically be expected to

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

be connected last, and it is just a matter of they haven't been gotten to yet.

Q In other words, the fact they are not connected is probably due to our unfortunate geographical position in the field?

A Yes, due to geography more than anything else, probably.

Q What is Pan American requesting with respect to those three wells, Mr. Marshall?

A That an exception be granted to the provision of Order R-1427, for a period of 30 days, in order to allow Pan American to continue producing these wells.

Q Is it possible that those wells will be connected in less than 30 days?

A Yes, sir.

Q Why are you asking for 30?

A Well, sir, notwithstanding the extreme diligence that El Paso has used in connecting wells in both of these fields, we are still selling them the gas. We are not giving it to them, and we would certainly connect it at the earliest possible date; and El Paso has advised us that it will probably be before our 30-day period is over. However, because of the unforeseeable things, for instance the weather in the San Juan Basin, we feel that we are justified in requesting thirty days in order to be sure that the wells will not be shut in.

Q All right, sir. Let's go now to the Bisti Pool, and



first let's talk about it briefly. The Harrison Number 2, and the Number 1 Heggie, the wells that Mr. Holick testified were uneconomical to connect, locate the Harrison Number 2, Mr. Marshall.

A The Harrison Number 2 is located in the Southeast Quarter of Section 6, Township 24 North, Range 9 West.

Q What is its allowable?

A This well has an allowable of 37 barrels of oil per day.

Q Is it producing that much?

A No, sir, it had a rather rapid decline. The well was completed in June of '59, and in November of 1959 the well only produced 404 barrels during the month.

Q About 15 barrels a day?

A Something in that neighborhood, yes, sir; thirteen.

Q What is its gas-oil ratio, Mr. Marshall?

A The Harrison 2 has a ratio too small to measure.

Q The gas that is produced in that well, is it put to any beneficial use at all?

A Yes, sir, we are pumping the well, and we are running the pumping unit engine with gas produced from this well, which considering the horsepower of the unit and so forth, is just about all the gas that the well will make. It is barely enough to run the unit.

Q All right, sir. Now, go to the Heggie Number 1, and name and locate it. I have named it.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



A The Heggie Number 1 is located in the Northeast Quarter of Section 8, Township 24 North, Range 9 West.

Q What is its allowable?

A It has an allowable of 7 barrels of oil per day.

Q Is it measuring it?

A During November, this well produced 111 barrels, or approximately four barrels a day.

Q What is its gas-oil ratio?

A It has, on the latest test that we have taken on this well, it has a ratio of 396 cubic feet per barrel.

Q Is any of the gas produced in that well put to a beneficial use?

A Yes, sir. Again, almost all of the gas produced is required to run the pumping unit engine.

Q If the produced gas in these two wells is put to a beneficial use, Mr. Marshall, why are we asking for an administrative exception?

A To be on the safe side, so to speak, although the quantities produced are essentially required to run the unit, due to the producing characteristics, at some time the well may be producing more gas than is required, and some amount may be flared over temporary periods. And, in order to comply with the Order R-1427, we think that the exception should be given.

Q All right, sir. Now, go to Pan American State A. V. lease, locate that for the record, will you please?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A This lease is the lease containing the two wells in the East half of the -- or in the Southeast Quarter of Section 2 of Township 24 North, Range 10 West.

Q What is the allowable of well Number 1?

A It has an allowable of 57 barrels of oil per day.

Q What is the gas-oil ratio of it?

A 998 cubic feet per barrel.

Q Resulting in a total gas production per day of what?

A 178 MCF.

Q All right, sir. Go now to Well Number 2, when was it --

A Excuse me. I misread a figure. The State A. V. Number 1 has a producing ratio of 998, so that the total gas flared per day would be about 16, produced today would be 16 rather than the 178.

Q All right. Now, Well Number 2, what is its allowable?

A Fifty barrels of oil per day.

Q And the gas-oil ratio?

A It has a ratio of 3575, and it produced 178 MCF a day.

Q All right, sir. Now, were these wells completed after the ~~October~~ 1958 contract?

A Yes, sir.

Q And they were committed by a supplemental contract; when was it signed?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO

A In August of '59.

Q August or September?

A September, excuse me.

Q September. All right, sir. Go now to the State A. W. lease, locate it.

A This lease consists of two wells, located in the Southwest Quarter of Section 2, 24, 10.

Q What is the allowable for Well Number 1?

A It is a top allowable well of 106 barrels of oil per day.

Q And what is the gas-oil ratio?

A 612 cubic feet per barrel, or a total production of 64 MCF.

Q All right. Well Number 2, what is its allowable?

A It also has an allowable of 106 barrels of oil per day. It has a gas-oil ratio of 709 cubic feet per day, or it produces approximately 80 MCF of gas.

A All right, sir. Again directing your attention to these wells, Mr. Marshall, do you know of any lack of diligence on Pan American's part, resulting in them not being connected at this time?

A No, sir. Again, it is probably a matter of geography. As you can notice, these wells are located, although other wells are shown on this map as being connected around it, the wells are located in the extreme Southeast end of the field, and it is



probably for that reason, more than anything else, that these particular wells have not been connected.

Q All right, sir. Now, with respect to the four wells on the two State leases, are we asking the same exception that we asked in the Gallegos?

A Correct, 30-days.

Q All right, sir. With respect to Pan American's unconnected wells in both pools, are their leases adjacent to those wells that are connected at this time?

A Yes, sir. As shown by the yellow coloring, there are leases adjacent to the State A. V. and A. W. which are connected, and also there are leases adjacent, and in the vicinity of the three wells in Gallegos, which will be connected by the 15th.

Q In a common pool, where part of the wells are shut-in, and others are producing, what happens, Mr. Marshall?

A Well, naturally, when we have a consiatous reservoir, if part of the wells are producing and part don't, it results in migration of oil from the wells that are not producing toward and to the wells that are producing.

Q All right, sir. For the purpose of this questioning, assume that the Commission does not grant our request, and our wells have to be shut-in while others produce, in your opinion, as an engineer, will that cause violation of correlative rights through the migrating feature that you mentioned?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CN 3-6591

ALBUQUERQUE, NEW MEXICO

A Yes, sir. If, in this field, Pan American wells are shut-in, while other wells in the same reservoir in both fields are allowed to produce, migration will occur and that will naturally be in violation of both Pan American and its correlative rights.

Q Do you, as an engineer, Mr. Marshall, recommend to the Commission that they grant the request we are making here today?

A Yes, sir, I do. I feel that the request should be granted. I recognize the fact that in a situation where there is sufficient gas being flared, that it would be economical to dispose of this gas by other means, some physical waste is occurring. However, in this case, I feel that Pan American has been certainly diligent in their efforts to connect the gas, and in view of the fact that all parties concerned have been diligent in their efforts to connect all wells, I feel that the controlling factor the Commission should use, is the violation of correlative rights, and consequently should grant this exception.

MR. BUELL: That's all we have at this time. And may I formally offer our Exhibit 1.

MR. PORTER: Without objection, Pan American's Exhibit 1 will be received. Anyone else have any questions of this witness?

MR. NUTTER: I have a few questions.



CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Marshall, turning first to the Gallagos-Gallup Pool, you mention gas-oil ratios, which are the gas-oil ratios shown on the oil proration schedule, are those the latest that Pan American has?

A Yes, sir, those are the latest. Most of them were connected in the middle of '59.

Q And you have not taken any gas-oil ratios since?

A No, sir.

Q What is the gas-oil ratio on this Oskayahewood Number 1 Well?

A 136,578 cubic feet per barrel.

Q How much oil does that well make per day?

A It has an allowable of 2 barrels of oil per day, and it produces that.

Q How many MCF of gas does this well produce per day?

A That would be approximately 273 MCF daily.

Q What is the value, what would the approximate value of that gas be?

A Oh, approximate net to Pan American?

Q I mean the gross.

A Gross value would be somewhere in the neighborhood of \$30.00.

Q And how much would the value of those two barrels

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6651

ALBUQUERQUE, NEW MEXICO

of oil per day gross?

A Somewhere in the neighborhood of \$6.00.

MR. PAYNE: You would not want to flare \$30.00 worth of gas, to get \$6.00 worth of oil, would you, Mr. Marshall?

A I think that's what I'm here for.

MR. BUELL: If that well was shut in, someone else might get that \$6.00 worth of oil and \$30.00 worth of gas?

A Yes, sir, we would not realize the \$30.00 worth of gas, of course, if the well wasn't connected, and we would rather have \$6.00 than nothing.

Q (By Mr. Nutter) Do you have any -- now, turning to the Bisti Pool, please, do you have any later ratios on the Bisti?

A No, sir. To my knowledge, these ratios which are in the proration schedule, are the latest ratios run in the Bisti Field. Now, one ratio I quoted was on the Heggie Well; I don't believe it has been filed yet, however, it will be shortly.

Q Now, you gave the production for the Harrison and Heggie Wells. Would you give us the production for the A. V. Wells and the A. W. Wells, for the month of November?

A Yes, sir. The A. V. Lease, both wells, during November produced 1328 barrels. The A. W. Lease, State A. W. Lease, during November produced 6,329 barrels.

Q You don't have the wells' total, you just have the lease totals?

A Yes, sir, I have the wells. The A. V. Number 1 was



471 barrels; the A. V. Number 2 was 857 barrels. The A. W. Number 1 was 3155 barrels; and the A. W. Number 2 was 3174 barrels.

Q Mr. Marshall, do you have any idea as to why, particularly in the Gallup Pool, leases all around yours are connected, and your leases are not?

A No, sir, not other than the fact that we are in an area, in both cases, where these leases, these surrounding leases you are referring to, have, in fact, some of them may not be connected yet. These are the ones that will be connected by the 15th, and they are the last, probably some of the last ones to be connected. Other than that, certainly there is no reason. There is a reason in the fact that one of them had to be last, or near the last, and we fell in that lot.

Q Now, has El Paso given you any idea as to when your A. V. lease and your A. W. lease will be connected?

A Yes, sir. It is possible that the A. V., or A. W. Lease will be connected by about the 15th, or the 21st, really. This information as to Pan American wells was determined yesterday, and as we cannot tell from our observation in the field just exactly what date they will be connected, we expect that they will be connected about the 15th. It is possible some of them will; and the rest of them by the 21st, according to El Paso.

Q Does that apply to the Gallegos area, as well as the Bisti?

MR. NUTTER: Thank you.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



MR. PORTER: Does anyone else have any questions of the witness:

MR. PAYNE: I have a few.

QUESTIONS BY MR. PAYNE:

Q Mr. Marshall, your application asks for an exception for four wells in the Gallegos, and I notice that you only discussed three?

A Yes, sir.

Q Is the fourth well connected?

A Yes, sir, since that time.

MR. PORTER: Any further questions of this witness?

(No response.)

MR. PORTER: You may be excused.

(Witness excused.)

MR. PAYNE: I would like to ask Mr. Holick a question.

QUESTIONS BY MR. PAYNE:

Q Mr. Holick, do you have a reason why the A. V. Lease and the A. W. Lease are not connected, when the leases around them are?

A I want to be sure that I have those A. V. and A. W. straight.

Q Those leases are in the South Half of Section 2 --

A Yes. I mentioned five places where we messed up this morning. As a matter of interest, what you said, I believe, about the September 28th contract date on those

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



wells, late September, as I recall?

MR. BUELL: Yes, I believe that's right.

A I specifically checked one of those batteries, just to see how close I could run it down, and there is a gap of between September, late September, until November the 18th, when we requested a survey on that, that I can't account for, and must therefore say we are responsible for the loss somewhere, as the survey was requested on the 18th. It was sent on the 25th, received in El Paso on the 27th; drawings went out on the right-of-way on the 4th; ownership was received back from the office sometime on the 9th; right-of-way requested on the 11th; right-of-way bought and released on December 30th. That is about as far as we could go.

Q (By Mr. Payne)) It was just a matter of, in this case, getting started a little bit late?

A That first six weeks, I cannot account for.

MR. PAYNE:: Thank you.

MR. BUELL: Thank you.

MR. PORTER: Does anyone have anything further to offer in this case?

(No response).

MR. PORTER: I will take the case under advisement.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

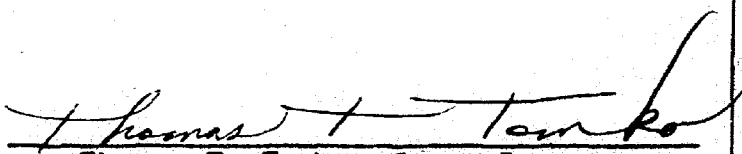
PHONE CH 3-6591



STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, THOMAS T. TOMKO, Court Reporter, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand this 18th day of January, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Thomas T. Tomko, Court Reporter.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691

